



## ADMINISTRATIVE DIRECTIVE

RETIREE HEALTH BENEFIT CONTINUATION PROGRAM	NUMBER <b>3.04-6</b>	PAGE <b>1 of 4</b>
	EFFECTIVE DATE <b>September 1, 2010</b>	

### I. PURPOSE

The purpose of this administrative directive is to set forth the City of Tucson sponsored group medical and dental plan options available to employees upon retirement.

### II. POLICY

The City offers continued health benefits to its retirees and eligible dependents in accordance with benefit policies in effect on the date of retirement. A retiree has the option to continue coverage in City sponsored medical and/or dental insurance plans as long as the retiree is enrolled in the plan(s) on the day of retirement. The City reserves the right to amend or modify plan designs, coverage and premiums for all employee and retiree benefits.

Retiree health subsidies will be applied only to City group insurance plans. The subsidy cannot be applied to any plan or benefit that is not sponsored by the City.

### III. DEFINITIONS

A. **Retiree** – a City of Tucson employee or elected official who has gone directly from active employment to retired status who is eligible to receive retirement benefits under the Tucson Supplemental Retirement System (TSRS), the Arizona Public Safety Personnel Retirement System (PSPRS) or the Elected Officials Retirement Plan (EORP).

B. **Eligible Dependent(s)** – a dependent (spouse, domestic partner, or child) covered under the employee's medical and/or dental insurance plan who qualifies for benefits under the definition of dependent as stated in the Employee & Retiree Insurance Handbook.

### IV. BENEFIT COVERAGE EFFECTIVE JANUARY 1, 2011

A. **Medical Coverage** - Effective January 1, 2011, all City of Tucson employees and elected officials retiring, entering a Deferred Retirement Option Plan (DROP) program, or entering an End of Service (EOS) program will be eligible to receive a maximum retiree health insurance subsidy to be applied to a City of Tucson sponsored group medical insurance plan as follows:

1. Single Retiree – \$200 monthly subsidy until age 65
2. Retiree plus one qualifying dependent – \$375 monthly subsidy until age 65
3. Retiree with two or more dependents – \$475 monthly subsidy until age 65

B. **Dental Coverage** - Retirees and eligible dependent(s) may continue dental coverage by paying 100% of the premium. Requirements for continuous dental coverage apply.



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### V. BENEFIT COVERAGE FOR TSRS RETIREES AND EORP RETIREES WHO RETIRE OR ENTER EOS PRIOR TO JANUARY 1, 2011

- A. **Medical Coverage** - Retirees less than the age of 65, who retire or enter the EOS program before January 1, 2011, may continue the City's group medical insurance coverage for themselves and their eligible dependents by paying twenty-five percent (25%) of the applicable premium.
- B. **Incentive Programs** - Rates and coverage provisions for TSRS Retirees who retired under incentive programs prescribing health benefits not covered in this Administrative Directive may contact the Benefits Office for details at (520) 791-4597.
- C. **Dental Coverage** – Retirees and eligible dependent(s) may continue dental coverage by paying 100% of the premium. Requirements for continuous dental coverage apply.

### VI. BENEFIT COVERAGE FOR PSPRS RETIREES WHO RETIRE OR ENTER THE DROP PROGRAM PRIOR TO JANUARY 1, 2011

- A. **Commissioned Fire Department Retirees** – This section pertains to Commissioned **FIRE** employees who retire, or enter the DROP Program after July 1, 2001, and before January 1, 2011. Rates and coverage details for Commissioned Fire Retirees who retired before July 1, 2001, or retired under any other incentive program, may be obtained from the Benefits Office at (520) 791-4597.

PSPRS Retirees less than the age of 65 may continue City group medical insurance and dental coverage for themselves and their eligible Dependent(s). The City will pay 100% of the premium after the applicable PSPRS subsidy is applied.

- B. **Commissioned Police Department Retirees** – This section pertains to Commissioned **POLICE** employees who retire, or enter the DROP Program after July 1, 1999 and before January 1, 2011. Rates and coverage details for Commissioned Police Retirees who retired before July 1, 1999, or retired under any other incentive program, may be obtained from the Benefits Office at (520) 791-4597.

PSPRS Retirees less than the age of 65 may continue City group medical insurance coverage for themselves and their eligible dependent(s). The City will provide a percentage subsidy not to exceed 75% of the applicable City group medical insurance premium after the PSPRS applicable subsidy is applied.

- C. **Dental Coverage** – PSPRS Retirees and eligible dependent(s) may continue dental coverage by paying 100% of the premium after the applicable PSPRS subsidy is applied. Requirements for continuous dental coverage apply.





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- D. **Medicare Ineligible** – PSPRS Retirees who do not qualify for Medicare at age 65 may continue City group medical insurance coverage for themselves and their Eligible Dependent(s) by paying 100% of the premium after the applicable PSPRS subsidy is applied. The Benefits Office must receive written proof from the Social Security Administration that the Retiree is not eligible for Medicare no later than thirty-one (31) days prior to the date the Retiree otherwise would have qualified for Medicare.

## VII. **GENERAL PROVISIONS**

- A. **Application Process** – To be eligible for continued medical and/or dental insurance coverage under the Retiree Health Benefit Continuation Program, the Benefits Office must receive a completed application with all the necessary documentation no later than thirty-one (31) days after retirement date. Failure to complete the application process will result in the loss of continued coverage.

Retirees who miss the application deadline, do not have coverage at the time of retirement, or waive coverage at the time of retirement may reapply for medical and/or dental insurance coverage only during open enrollment or within thirty-one (31) days of experiencing a qualifying life event as defined and in accordance with procedures outlined in the Employee & Retiree Insurance Handbook. In order to enroll in the dental plan, the Retiree must provide documentation of other continuous dental insurance coverage for a period of three (3) years immediately preceding the date the City dental insurance coverage will go into effect.

- B. **Retirees age 65 and Older** – Retirees age 65 and older at the time of normal retirement, or any time after normal retirement, are not eligible to participate in the City's group medical insurance plans.
- C. **Dependent Coverage** – Eligible dependent(s), enrolled on the date of the Retiree's retirement, may continue in the City's group medical and dental insurance plans. Qualifying dependent(s) not enrolled on the date of the Retiree's retirement may enroll provided proper procedures are followed and required documentation is received in the Benefits Office during annual open enrollment or within thirty-one (31) days of a qualifying life event (see Appendix A – Coverage Grid).
1. Eligible dependent(s) may continue dental coverage by paying 100% of the premium. Requirements for continuous dental coverage apply.
  2. Dependent(s) become ineligible for the City's group medical plan when the dependent:
    - a. no longer meets the City's dependent criteria;
    - b. qualifies for Medicare (due to age or disability); or



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- c. joins another group health plan.
3. Retirees must follow Benefits Office procedures for disenrolling dependents within thirty-one (31) days of the date the dependent becomes ineligible.
  4. Dependent(s) no longer eligible for City group coverage may be eligible for COBRA benefits.
  5. Eligible Dependents of Retirees less than 65 years old whose coverage has terminated may re-enroll provided proper procedures are followed and required documentation is received in the Benefits Office during annual open enrollment or within thirty-one (31) days of a qualifying life event.
  6. A dependent covered under the City's group insurance plan(s) at the time of the death of a Retiree may continue coverage by paying 100% of the premium for as long as the dependent remains eligible. However, if dependent coverage terminates for any reason the dependent cannot re-enroll in the City group insurance plans.
  7. Medical and dental coverage for a surviving dependent spouse terminates upon remarriage. The surviving dependent spouse must notify the Benefits Office within thirty-one (31) days of marriage.

### Appendices

Appendix A – Coverage Grid

### References

City of Tucson Employee & Retiree Insurance Handbook  
City Manager Memorandum Dated March 3, 2008.

### Review Responsibility and Frequency

The Director of Human Resources will review this directive annually,  
based on date of publication

### Authorized

  
\_\_\_\_\_  
City Manager

9-6-10  
Date



COVERAGE GRID

MEDICAL	Retiree is under age 65 and doesn't qualify for Medicare	Retiree is under age 65 and qualifies for Medicare (disability)	Retiree is 65 or older and qualifies for Medicare	Retiree is 65 or older and doesn't qualify for Medicare	Retiree passes away
Retiree	Allowed on City of Tucson sponsored group medical plan	Allowed on City of Tucson sponsored group medical plan	Coverage under the City of Tucson sponsored group medical plan ends the first day of the month during which Retiree turns 65.	Retiree may remain on the City of Tucson sponsored group medical plan till death by paying 100% of the premium.	Coverage ends on date of death Spouse (widow) may continue coverage alone by paying 100% of the premium - assumes rights of Retiree. However, coverage ends if spouse remarries or drops City of Tucson sponsored plan. Spouse must notify the Benefits Office with 31 days of the marriage. If spouse later divorces, spouse may NOT return to City plan.
Spouse is not Medicare eligible (due to age or disability)	Spouse may be on City of Tucson sponsored group medical plan only if retiree is on same plan	Spouse may be on City of Tucson sponsored group medical plan only if retiree is on same plan	Spouse may remain on City of Tucson sponsored group medical plan provided proper procedures are followed and the Benefits Office receives the required documentation by prescribed deadlines. Contact Benefits Office for details. If spouse leaves City coverage for any reason, spouse may not come back. Retiree pays 100% of the premium.	Spouse may be on City of Tucson sponsored group medical plan only if retiree is on same plan. Retiree pays 100% of premium.	Spouse who does not maintain continuous coverage may not later join City of Tucson sponsored plan.
Spouse is Medicare eligible (due to age or disability)	Spouse may not remain on City of Tucson sponsored group medical plan - coverage ends first day of month during which spouse qualifies for Medicare.	Spouse may not remain on City of Tucson sponsored group medical plan - coverage ends first day of month during which spouse qualifies for Medicare.	Spouse may not remain on City of Tucson sponsored group medical plan - coverage ends first day of month during which spouse qualifies for Medicare.	Spouse may not remain on City of Tucson sponsored group medical plan - coverage ends first day of month during which spouse qualifies for Medicare.	Spouse (widow) may not remain on City of Tucson sponsored group medical plan - coverage ends first day of month during which spouse qualifies for Medicare.
Child meets dependent criteria	Child may be on City of Tucson sponsored group medical plan only if retiree is on same plan	Child may be on City of Tucson sponsored group medical plan only if retiree is on same plan.	Child may remain on City of Tucson group medical plan provided proper procedures are followed and the Benefits Office receives the required documentation by prescribed deadlines. Contact Benefits Office for details. If child leaves City coverage for any reason, child may not come back. Retiree pays 100% of the premium.	Child may be on City of Tucson sponsored group medical plan only if retiree is on same plan. Retiree pays 100% of the premium.	Child may continue coverage alone by paying 100% of the premium until the child no longer meets the dependent criteria. Child must notify the Benefits Office within 31 days of date he/she no longer qualifies. Once the child leaves City coverage for any reason, child may not come back.
Child doesn't meet dependent criteria	Child may not remain on City of Tucson sponsored group medical plan	Child may not remain on City of Tucson sponsored group medical plan	Child may not remain on City of Tucson sponsored group medical plan	Child may not remain on City of Tucson sponsored group medical plan	Child may not remain on City of Tucson sponsored group medical plan
Child is Medicare eligible (due to age or disability)	Child may not remain on City of Tucson sponsored group medical plan - coverage ends first day of month during which child qualifies for Medicare.	Child may not remain on City of Tucson sponsored group medical plan - coverage ends first day of month during which child qualifies for Medicare.	Child may not remain on City of Tucson sponsored group medical plan - coverage ends first day of month during which child qualifies for Medicare.	Child may not remain on City of Tucson sponsored group medical plan - coverage ends first day of month during which child qualifies for Medicare.	Child may not remain on City of Tucson sponsored group medical plan - coverage ends first day of month during which child qualifies for Medicare.





# MEMORANDUM

DATE: March 3, 2008

TO: City of Tucson Employees

FROM: Mike Hein  
City Manager

SUBJECT: Retiree Health Insurance Premium Subsidy

In April 2006, City of Tucson employees received notice through the Manager's Message of the proposed change in the amount of retiree health care premium the city is going to subsidize. The change was from a percentage subsidy to a flat dollar subsidy for retiree health insurance premiums after January 2009. When my office gave a final notice to employees regarding the implementation of the change in retiree health subsidy in December 2007, I discovered that inaccurate information had been provided to employees by city staff in the interim period. I also have come to understand that some employees have legitimately been confused and that my office did not adequately communicate. After discussion with employees and staff, I recognize that providing inaccurate information has created confusion and may have impact on our employees when making a financial/retirement decision. Additional concerns regarding the need for a subsidy change to address family coverage situations has also been brought to my attention.

As a result, I am making the follow changes to the subsidy for retiree health insurance premiums, as follows.

City of Tucson employees retiring, beginning participation in the Deferred Retirement Option Plan (DROP) under Public Safety Personnel Retirement System program (PSPRS) or beginning participation in the End of Service (EOS) program on or before December 31, 2010, will be eligible to receive a retiree health subsidy that is no change from the level of benefit a retired employee will receive today.

City of Tucson employees retiring, entering a DROP program, or entering an EOS program on or after January 1, 2011, will be eligible to receive a maximum retiree health subsidy as follows:

Single Retiree	\$200 monthly subsidy until age 65
Retiree plus one Dependent	\$375 monthly subsidy until age 65
Retiree with more than one Dependent	\$475 monthly subsidy until age 65

Several employee meetings have already been scheduled to discuss retiree health premium subsidies and the impact the new accounting standards will have on our overall budget. I will communicate these changes through a memorandum to all employees, by meeting with the Labor Council and during employee meetings over the next two months.

I apologize for any confusion that may have occurred.